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Malaysia

Market Development Reports

Best Product Prospects

1999

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BEST PRODUCT PROSPECTS

Items which show market potential and best opportunities in the Malaysian market appear to lie in the upper income segment of the marketplace. These opportunities and the outlook for various types of food items are summarized below.

Fresh Fruits and Vegetables

--There are growing opportunities for sales of U.S. "exotic" fruits such as plums, nectarines, peaches and berries, but best prospects are for sales of U.S. apples, oranges, and grapes.

Tariffs: The import duty on fresh fruits is 10% ad valorem plus 5% sales tax which is collected at the point of entry. Fresh vegetables such as asparagus, cauliflower, broccoli, carrots and potatoes, to name a few, are exempted from import duties.

Snack Foods and Nuts

--There are good opportunities for sales of U.S. premium nuts, including pistachios and almonds, raisins and prunes if promotional support is provided.

--There are particularly good prospects for sales of U.S. more healthy snacks that are not available locally, fruit chips, and snack food ingredients.

--The outlook for sales of a wide range of U.S. bakery ingredients is good, particularly to importers that serve the major hotels and upscale bakeries.

Tariffs: There is no import duty on unprocessed almonds, pistachios and other nuts, only a 5% sales tax which is collected at the point of entry. Import duties on prepared foods ready for immediate consumption vary from 10% to 20% ad valorem plus 5% sales tax which is collected at the point of entry.

Alcoholic Beverages

-- The exorbitant retail prices of cognac drinks (brandy) and the increasing health consciousness of consumers are expected to contribute to increased sales of wine. In 1998 exports of California wine to Malaysia increased by more than 77% over the 1997 exports and we anticipate further sales if promotional support is provided.

Tariffs: Import duties on sparkling and table wines vary from RM425 (US\$112) to RM120 (US\$31.60) per decaliter plus 15% sales tax which is collected at the point of entry.

Dairy Products

--Best U.S. sales prospects are for ice cream, yoghurt, cheese and low fat milk powder.

--Dairy ingredients such as whey powder has good potential however, the ability to compete on price with Australia and New Zealand is of utmost importance.

Tariffs: There is no import duty on basic milk and cream products; ice cream has a duty of 5% plus 5% sales tax while the duty on frozen yoghurt is 20% plus 5% sales tax.

Halal Meat and Preparations

Sales of U.S. beef are extremely optimistic, while U.S. premium further processed meat and chicken products and frozen turkey are also identified as having good sales potential in view of the expanding Malaysian food service and hotel industry.

However, all poultry and beef products must originate from slaughter facilities that have been inspected and approved by the Malaysian authorities for "halal" (Islamic) slaughter.

Tariffs: There is no duty on frozen and chilled meat and poultry products. The import duties on processed meat and poultry products such as sausages and similar items vary from 15% to 20% ad valorem plus 5% sales tax

which is collected at the point of entry.

Miscellaneous Food Preparations

--There is already a wide range of miscellaneous U.S. foods available in Malaysian supermarkets, i.e., sauces, salad dressings, canned goods, dried fruits, and frozen foods.

--Best sales prospects include canned fruits including peaches, apricots, fruit cocktail, tuna, and creamed corn; frozen potato products including french fries; frozen halal dinners, pizzas; frozen vegetables; and natural cereals.

Tariffs: Food preparations such as sauces and seasonings, canned goods are taxed between 20% and 25% plus 5% sales tax.

Please refer to the Trade Policy Monitoring Report 1999 (MY9018) for additional and detailed information on import duties on food products.

Supermarket buyers, particularly those in upscale outlets, are willing to try most new U.S. food items as long as they believe that the taste and other product characteristics are acceptable to Malaysian consumers.

It is important, however, that the U.S. products are unique to help overcome problems associated with higher prices, strong international and local brand names built through advertising, and possibly limited distribution.

Post Contact and Further Information:

If you have any questions or comments regarding this report or need assistance exporting high value products to Malaysia, please contact the Office of the Agricultural Attache at the U.S. Embassy in Kuala Lumpur at the following address:

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